

Message Text

PAGE 01 TEL AV 02538 291212Z

53

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

IGA-01 OMB-01 EB-07 TRSE-00 SAM-01 SAB-01 /070 W

----- 092266

R 291109Z APR 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 6453

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

C O N F I D E N T I A L TEL AVIV 2538

E.O. 11652: GDS

TAGS: EFIN, IS

SUBJ: SPECULATION ON US ASSISTANCE TO ISRAEL

REF: TEL AVIV 279 (NOTAL)

1. BEGIN UNCLASSIFIED. ISRAELI MEDIA HAVE GIVEN PROMINENT COVERAGE LAST FEW DAYS TO REPORTS FROM WASHINGTON THAT US ASSISTANCE TO ISRAEL MIGHT TOTAL ONLY ONE BILLION DOLLARS IN US FISCAL YEAR 1976. IN AIRPORT DEPARTURE STATEMENT ON APRIL 28, FORMIN ALLON RESPONDED TO QUESTIONS ABOUT THESE REPORTS BY SAYING THAT ISRAEL'S REQUESTS WERE QUOTE WELL BALANCED AND REPRESENTED REAL NEEDS UNQUOTE AND IF AID PACKAGE WERE CUT, IT WOULD CALL FOR QUOTE A VERY SERIOUS DIALOGUE WITH WASHINGTON UNQUOTE. SOME PRESS ACCOUNTS TOOK LINE THAT ONE BILLION DOLLARS IN FY 1976 WOULD BE EQUIVALENT TO REDUCTION IN LEVEL US AID TO ISRAEL. OTHERS RECOGNIZED THAT IT WOULD NOT BE A REDUCTION, CONSIDERING US ASSISTANCE LEVEL OF APPROXIMATELY \$750 MILLION IN FY-1975, BUT WAS IN FACT, ONLY REDUCTION IN GOI'S \$2.5 BILLION AID REQUEST FOR CONFIDENTIAL

PAGE 02 TEL AV 02538 291212Z

FY-1976. ACCOUNTS QUOTED US OFFICIALS AS CHARACTERIZING ISRAELI ASSISTANCE REQUEST AS HIGHLY INFLATED AND UNREALISTIC WHILE NOTING THAT EVEN PRO-ISRAEL CONGRESSMEN HAD WARNED GOI THAT ADMINISTRATION NEITHER COULD

NOR WOULD PRESENT CONGRESS WITH SUCH A LARGE AID REQUEST IN TIME OF US ECONOMIC UNCERTAINTY. SAME OFFICIALS CITED AS CLAIMING REDUCTIONS INEVITABLE REGARDLESS US DISAPPOINTMENT WITH RECENT COLLAPSE OF NEGOTIATIONS.

2. ISRAELI OFFICIALS IN WASHINGTON REPORTED TO HAVE EXPRESSED CONCERN AND DISAPPOINTMENT OVER POSSIBILITY REDUCED AID FOR ISRAEL AND CITED AS RECALLING THAT HIGHEST ADMINISTRATION OFFICIALS, INCLUDING THEN PRESIDENT NIXON DURING VISIT TO ISRAEL, HAD LED GOI TO BELIEVE THAT \$2.5 BILLION REQUEST WAS REASONABLE. INFORMED CONGRESSIONAL SOURCES QUOTED AS SAYING MANY FACTORS COULD AFFECT AID TO ISRAEL, INCLUDING HOW MUCH THE ADMINISTRATION WOULD REQUEST FOR EGYPT, SYRIA, JORDAN AND OTHER ARAB STATES.

3. SOME SPECULATION IN PRESS ON IMPACT ON ISRAEL IF US ASSISTANCE FALLS SHORT OF ISRAEL'S REQUEST. IN ARTICLE ON NEED FOR MORE AUSTERITY MEASURES, BANK OF ISRAEL'S ZVI SUSSMAN QUOTED AS SAYING THAT PRIVATE CONSUMPTION CONTINUING TO RISE, PROBABLY AT COST OF SAVINGS, SINCE INCOMES FROZEN. THIS SUGGESTS TO SUSSMAN THAT ISRAELIS DO NOT REALLY BELIEVE IN THE ECONOMIC SLOW DOWN. REAL TEST WILL COME IN NEXT FEW MONTHS, HE CONCLUDED. TEL AVIV UNIVERSITY'S ZEEV HIRSCH SPECULATED THAT QUOTE WE MAY HAVE TO WAKE UP TO SOME RUDE REALITIES THIS YEAR. UNQUOTE. HE SUGGESTED POSSIBLE CUTS IN PUBLIC EXPENDITURE ON HOUSING AND PUBLIC WORKS WHILE RAISING TAXES. ISRAEL SHOULD FLOAT THE POUND TO DEAL WITH SHORTAGES WHICH EVENTUAL PAUCITY OF FOREIGN EXCHANGE WOULD CREATE, HIRSCH ADVISED. END UNCLASSIFIED.

4. COMMENT: BEGIN CONFIDENTIAL: SEVERAL OF THESE MEDIA ACCOUNTS HAVE CREATED FALSE ISSUE BY ASSERTING THAT US ASSISTANCE TO ISRAEL WOULD INDEED BE QUOTE REDUCED UNQUOTE IF ISRAEL DID NOT RECEIVE ALL THE ECONOMIC ASSISTANCE IT REQUESTED. HOWEVER, OTHERS RECOGNIZED THAT ANY AMOUNT OVER FY -1975 LEVEL OF APPROXIMATELY \$750 MILLION WOULD, IN FACT, REPRESENT AN INCREASE IN US ASSISTANCE. EMBASSY HAS BEEN TOLD CONFIDENTIAL

PAGE 03 TEL AV 02538 291212Z

BY ECONOMIC ADVISER TO MINFIN AND OTHER OFFICIALS THAT PRESENT GOI BUDGET (FY-75/76, WHICH BEGAN APRIL 1) DOES NOT RPT NOT INCLUDE SIGNIFICANT AMOUNT OF US FUNDING WHICH NOT ALREADY APPROVED. AS NOTED IN OFFICIAL ISRAELI REQUEST FOR US ASSISTANCE (BLUE PAPER), ISRAEL'S \$2.5 BILLION QUOTE UNCOVERED DEFICIT UNQUOTE WAS FOR CALENDAR YEAR 1976. BLUE PAPER REQUESTED FUNDS BE APPROPRIATED IN US FISCAL YEAR 1976. REAL CRUNCH WOULD THEREFORE COME IN LATTER PART 1976 OR 1977, WHEN SHORTFALL IN REQUESTED US AID COULD RESULT IN STRETCHOUT IN MILITARY ORDERS FROM US IF ALTERNATE SOURCES OF FINANCING NOT FOUND. END CONFIDENTIAL. VELIOTES

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE, PRESS COMMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV02538
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750150-0006
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197504102/baaaaeqy.tel
Line Count: 110
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 AUG 2003 by ShawDG>; APPROVED <29 AUG 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971202
Subject: n/a
TAGS: EFIN, IS
To: STATE INFO AMMAN
BEIRUT
CAIRO
DAMASCUS
JIDDA
Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006